

# Billing Problems & Dial-Around Traffic

Americatel Corporation

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# About Americatel

- Founded in 1992, Americatel is owned by ENTEL Chile, which, in turn, is owned by Telecom Italia
  - Americatel provides presubscribed (1+), dial-around, and prepaid domestic and international long distance services to Hispanic communities throughout the United States from its headquarters in Miami
  - The majority of traffic carried by Americatel is dial-around in nature
  - Americatel also provides private line and various high-speed transport services to business customers

# Americatel's Dial-Around Traffic

- Americatel's Spanish-speaking customers are very heavy users of international dial-around services
- In 2001, Americatel's total revenues were \$314.5 M
  - Of this total, \$160.4 M (or 51%) came from dial-around calls
  - A full 87% of these dial-around call revenues were from international calls

# The Importance of Dial-Around Traffic to Consumers

- A 2002 study (J. Hausman & G. Sidak) found that persons with lower incomes and less education tend to pay higher prices for basic long distance calls than do other consumers & also that Hispanic callers tend to pay higher long distance prices than non-Hispanic callers
  - With its substantial volume of Spanish-language advertising & through its educational outreach to Hispanic communities about the cost savings available with dial-around services, Americatel is helping to counter this phenomenon
  - “[C]ustomers can make use of dial around services that allow the customer to bypass the costs charged by a presubscribed carrier.” M. Powell FCC 99-249

# Long Distance Billing

- There are only two methods for long distance carriers to bill for calls
  - Purchase Billing & Collection (B&C) services from a LEC
    - LEC-provided B&C services utilize the components of Billing Name & Address (BNA) service
    - B&C services have been deregulated
    - LECs have no obligation to provide B&C services to long distance carriers
  - Purchase BNA service from the serving LEC and bill the customer directly or through an independent third party agent
    - “[O]nly the LECs can provide BNA in accurate, up-to-date form. ... Regulation of BNA under Title II will help to ensure a competitive billing and collection market.” FCC 93-254

# Billing for Dial-Around Calls

- Americatel currently uses a third-party clearinghouse to obtain billing services from ILECs to bill for its presubscribed & dial-around calls
- For dial-around calls, Americatel's switch records only the caller's Automatic Number Identification (ANI) information - no other information is generated by the "network" to identify the calling customer

# Billing for Dial-Around Calls (cont'd)

- In those instances when Americatele cannot purchase B&C services from a LEC, that LEC must be required to supply Americatele with customer (BNA) information or Americatele will not be able to bill its customers for dial-around traffic
  - Many CLECs will not furnish BNA information (let alone B&C services)
  - Other sources of BNA-like information are generally quite inaccurate -- more than 75% of such information is erroneous in Americatele's experience

# Billing Problems

- Recently, Americatel has experienced a significant increase in the number of dial-around calls for which it is unable to bill because it cannot obtain specific customer names and addresses for ANIs associated with those calls (so-called “RC50 records”)
  - From 1999-2001, the dollar amount of these unbillable calls increased by 300%
  - Unbillable calls constituted a full 6% of Americatel’s long distance revenues for 2001
  - Americatel normally collects more than 91% of all charges for dial-around traffic when they can be billed based on LEC-provided BNA information

# Billing Issues (cont'd)

- The unbillable call problem extended into 2002 - Americatel was unable to bill more than \$6.4 million in charges for long distance calls
- Lack of timely and accurate billing information poses a threat to Americatel's (and, assumedly, other dial-around carriers') ability to survive & to deliver services to its (and their) customers at reasonable prices
- The ever-growing volume of unbillable calls also creates a threat to carriers' payments for Universal Service Fund (USF) support

# What Information Is Needed

- Dial-Around carriers need two types of information from LECs, including CLECs, in order to bill for long distance calls
  - BNA information from the serving LEC (unless that LEC is willing to offer B&C services to the dial-around carrier)
  - Upon request to a LEC that no longer serves a particular customer, identification of the successor LEC that is now providing service to such customer, *i.e.*, mandatory exchange of customer billing information among carriers

# BNA Information Is Needed Now

- In 1991, FCC first declared that all LECs have an obligation to provide BNA information to other carriers because there are no other sources of such data
- “We cannot rely on competition to ensure that IXCs have access to current, reliable BNA.” FCC 93-254
- Many CLECs have been operating since 1996
  - When can they be expected to follow FCC policy?
  - If small rural ILECs can provide BNA, why can't CLECs?
  - The availability of BNA from all LECs would solve many of dial-around carriers' problems with unbillable calls
  - Once BNA is provided, long distance carriers have an obligation to pay reasonable rates for that BNA

# OBF's Database Solution Needs a Deadline for Implementation

- The Ordering and Billing Forum (OBF), under the direction of Alliance for Telecommunications Industry Solutions (ATIS), has been working on issues related to this billing problem for several years & has developed system requirements for a database solution
- Any remaining details for carrier exchange of customer billing information should be developed by the industry through the OBF, but the FCC should establish time lines for resolving those issues because of the financial impacts to long distance carriers and, possibly, to Universal Service funding that arise from the current situation

# Database Deadline (cont'd)

- A database solution can be workable, but only if:
  - All carriers are required to provide timely and accurate customer information for the database(s) &
  - Complete and functional database(s) become operational within a year of the FCC's order in this proceeding
- The FCC has ancillary jurisdiction over database providers
- Further delay is not in the public interest
  - On-going risks to dial-around industry and long distance competition
  - Growing impact on USF support

# FCC Oversight Warranted

- FCC closely monitored OBF and other industry efforts to roll out new 888 toll free Service Access Code (SAC)
  - Periodic public meetings held and industry reports were required
  - Industry met FCC deadlines and has successfully handled subsequent toll free SAC openings
- FCC should consider use of a similar, but less complicated, process for monitoring the implementation of the OBF-developed billing record database
  - NARUC and State PUCs should be given a chance to participate in the implementation of this solution
  - Special consideration should be given to small, rural carriers